



# May 2020 SDRS at a Glance

An E-Newsletter From the South Dakota Retirement System

## SDRS Board of Trustees

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## Upcoming Board Meeting

**06/03/20**

**Regular Board Meeting**

**To Be Held Via Teleconference**

**Meeting Starts at 9:00 AM CST**

Topics to be discussed at this meeting:

- Determination of Election Results
- Appointment of County Employee Representative
- Investment Update
- Projected Funded Status
- Planning Update
- FY 2021 Asset Allocation

**Listen to the meeting live at**  
<https://www.sd.net>.

**A full agenda for this meeting is available on the SDRS website at**  
[sdrs.sd.gov](https://sdrs.sd.gov).

## A Message from SDRS Executive Director Travis Almond

SDRS is very important to all our members, especially our retired members who depend on SDRS benefits for their monthly income. We have been monitoring and evaluating the economic impact of COVID-19 on SDRS for several weeks and want to bring you up to date.

**Most importantly, your benefits are secure.** SDRS began this fiscal year on July 1, 2019 fully funded and prepared for the possibility of economic downturns.

SDRS benefits are increased each year on July 1 by a Cost of Living Adjustment (COLA). The COLA is intended to avoid a reduction in the purchasing power of your benefit because of inflation during retirement. The SDRS variable COLA is determined each year based on two important factors—the rate of inflation and the COLA increase SDRS can sustainably afford. For example, the June 30, 2019 actuarial valuation determined that SDRS can sustainably afford a 2020 COLA equal to the rate of inflation for the prior year of 1.56%. **No changes will be made in the July 1, 2020 COLA due to the current economic downturn.**

The affordability of future COLAs is influenced by SDRS investment returns. While investment results have improved significantly from their lowest point in March, fiscal year 2020 investment returns remain below the long-term expectation. In addition, the investment markets are very volatile, and the results could still change significantly before the fiscal year is over at June 30, 2020.

The COLA payable July 1, 2021 will be finalized in December after inflation and actuarial valuation results are known. However, based on results to date, both the affordable COLA and the rate of inflation will likely be lower than this year.

**As a result, you should plan on a lower SDRS COLA in 2021.**

In the meantime, the Board of Trustees continues to evaluate actions that may be advisable if economic conditions deteriorate further. That review will include the current SDRS COLA structure. We will keep you informed as our planning progresses.

## Questions regarding your benefits? Contact SDRS!



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